

CORRECTED FISCAL NOTE

SB 139 – HB 943

February 23, 2005

SUMMARY OF BILL: Creates a three-day sales tax holiday on the first consecutive Friday, Saturday, and Sunday in August of each year. During this time, no tax would be imposed on any single article or item of tangible personal property sold at retail and having a value not exceeding \$200.

ESTIMATED FISCAL IMPACT:

On January 31, 2005, we issued a fiscal note which indicated decreases in revenues to state government of \$42,700,000 and to local government of \$13,700,000.

Based on additional information provided by the Department of Revenue, the estimated fiscal impact of this bill is:

(Corrected)

Increase State Expenditures - \$74,000 One-Time

Decrease State Revenues - \$42,700,000

Decrease Local Govt. Revenues - \$13,700,000

Assumptions:

- Estimated annual sales tax collections of \$6,309.1 million in FY05-06.
- Estimated daily sales tax collections of \$17.3 million for FY05-06.
- Unadjusted three-day sales tax base of \$741.0 million.
- Percent of sales for single article or item of tangible personal property sold at retail priced \$200 or less equal to 33%.
- Unadjusted affected tax base equal to \$244.53 million.
- Consumer's expenditures increase approximately 250%.
- Adjusted tax base equal to \$611.33 million.
- Decrease in state revenue equal to \$611.33 million X 7% = \$42,793,100.
- Decrease in local government revenue equals \$13,754,925 (\$611.33 X 2.25% = \$13,754,925).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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